

## Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ARA-06 EA-07 NEA-10 IO-11 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FEA-01 FRB-03 OPIC-03 LAB-04 SIL-01 /143 W

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R 171140Z MAR 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 1136

INFO ALL OECD CAPITALS 0077

AMEMBASSY ALGIERS

AMEMBASSY JIDDA

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

AMEMBASSY YAOUNDE

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

USINT BAGHDAD

AMEMBASSY TEHRAN

AMEMBASSY KINGSTON

AMEMBASSY MEXICO CITY

AMEMBASSY LAGOS

AMEMBASSY ISLAMABAD

AMEMBASSY LIMA

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY BELGRADE

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

USMISSION USUN

USDEL MTN GENEVA

C O N F I D E N T I A L OECD PARIS 07876

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E.O. 11652: N/A

TAGS: OECD, ECON, EGEN, EFIN, ETRD, CIEC, EAID

SUBJECT: MARCH 12 XCSS MEETING: TERMS OF TRADE BETWEEN  
NON-OIL COMMODITIES AND MANUFACTURED GOODS

REF: OECD PARIS 7562

1. MISSION UNDERSTANDS FROM OECD SECRETARIAT THAT  
VAN LENNEP'S STATEMENTS AT MARCH 12 SCSS PLENARY (SEE  
REFTEL) AND AT MARCH 1L XCSS BUREAU MEETING TO EFFECT  
THAT TERMS OF TRADE OF NON-OIL COMMODITY PRODUCERS  
HAD ALREADY REGAINED 50 OF GROUND LOST BETWEEN  
HEIGHT OF COMMODITY BOOM IN 1973 AND DEPTH OF RE-  
CESSION WAS RESULT OF UNFORTUNATE MISINTERPRETATION  
OF HIS BRIEFING MATERIALS.

2. SECRETARIAT HAS TOLD MISSION THAT IT HAS NOT IN  
FACT MADE DETAILED CALCULATIONS ON TERMS OF TRADE  
BETWEEN NON-OIL COMMODITIES AND MANUFACTURES BASED  
ON RECENT ACTUAL EVOLUTION OF PRICES. SECRETARIAT  
INDICATED, HOWEVER, THAT TERMS OF TRADE OF NON-OIL  
COMMODITY PRODUCERS HAVE CLIMBED, AT MOST, 25 OF  
DISTANCE TO 1973 PEAK AND THAT THIS ROUGH ESTIMATE  
WAS BASED ON ASSUMPTIONS WHICH OVERSTATE INCREASE OF  
COMMODITY PRICES RELATIVE TO THOSE OF MANUFACTURES.  
THESE ASSUMPTIONS ARE:

(A) THAT PRICES OF MANUFACTURES HAVE REMAINED  
CONSTANT SINCE DEPTH OF RECESSION;

(B) SPOT COMMODITY PRICES REPRESENT COMMODITY  
PRICES IN GENERAL (THIS WOULD TEND TO OVERESTIMATE  
INCREASES IN COMMODITY PRICES SINCE PRICES OF COM-  
MODITIES CURRENTLY PURCHASED UNDER LONG TERM CON-  
TRACTS WOULD BE LOWER THAN THEIR SPOT PRICES IN A  
PERIOD WHEN COMMODITY PRICES ARE GENERALLY RISING).

3. NEVERTHELESS, VAN LENNEP'S GENERAL PROPOSITION  
THAT POSITION OF NON-OIL COMMODITY PRODUCERS SHOULD  
IMPROVE DURING COURSE OF CIEC NEGOTIATIONS REMAINS  
VALID.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**TAGS:** ECON, EGEN, EFIN, ETRD, EAID, OECD, CIEC  
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